United Nations A/C.5/63/SR.44

General Assembly
Sixty-third session

Official Records

Distr.: General
28 June 2009

Original: English

Fifth Committee

Summary record of the 44th meeting
Held at Headquarters, New York, on Friday, 15 May 2009 at 10 a.m.

Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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09-33856 (E)

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The meeting was called to order at 10.20 a.m.

Agenda item 120: Improving the financial situation of the United Nations (*continued*)

1. **Ms. Kane** (Under-Secretary-General for Management), accompanying her statement with a computerized slide presentation, said that she would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. The overall picture was mixed, although there had been some improvement in some areas.

2. Turning first to the regular budget, she noted that levels of assessments and payments had both been lower in 2008 than in 2007, by $174 million and $96 million, respectively. Unpaid assessed contributions had decreased to $417 million as at 31 December 2008, compared to $428 million a year earlier. By the end of 2008, 146 Member States had paid their regular budget assessments in full, six more than in 2007. She urged the remaining Member States to pay their assessed contributions for 2008 in full and as soon as possible. Of the total of $417 million outstanding as at 31 December 2008, 94 per cent had been owed by a single Member State, 3 per cent by two other Member States and 3 per cent by the remaining 43 Member States. A total of 76 Member States had paid their regular budget assessments in full by 7 May 2009, 10 fewer than by 7 May 2008. Payments received after 7 May 2009 had resulted in the addition of Guatemala, Indonesia, Kuwait and Thailand to the list of Member States that had paid their regular budget assessments in full.

3. The financial position of the regular budget as at 7 May 2009 as compared to 7 May 2008 reflected the net result of both higher assessments and higher payments received. Unpaid assessed contributions had been $216 million higher on 7 May 2009 than a year earlier. Although payments received by 7 May 2009 had been $392 million higher than on 7 May 2008, there had also been an increase of $619 million in the regular budget assessment for 2009, mainly because of the increase in the provision for political missions. Over 94 per cent of the $1.5 billion outstanding on 7 May 2009 was accounted for by nine countries. Since that date, Brazil had made a payment of $12.2 million, thereby reducing the amount accordingly.

4. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid, the Working Capital Fund, authorized periodically by the General Assembly, and the Special Account. As at 30 April 2009, the total cash resources available had stood at $1,184 million, compared to $411 million on 31 December 2008, which reflected a net increase in payments over expenditures in the first quarter of the year. The final cash position would largely depend on the action taken by the nine countries that had not yet paid their regular budget assessments.

5. The unpredictable nature of the demand for peacekeeping activities made it difficult to predict financial outcomes. In addition, the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued through the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the International Tribunals.

6. The total amount outstanding for peacekeeping operations at the end of 2008 had been just under $2.9 billion, which was $165 million more than the amount of $2.7 billion outstanding at the end of 2007. That had been mainly due to the expansion in peacekeeping operations and the related impact on assessments during the period. Of the amount outstanding at the end of 2008, more than two thirds had been owed by two Member States.

7. Due to the unpredictable amount and timing of peacekeeping assessments, it could be more difficult for Member States to keep fully current with their payments. Special thanks were therefore due to the 25 Member States that had paid all their peacekeeping assessments as at 31 December 2008, namely, Australia, Austria, Azerbaijan, Canada, Croatia, Czech Republic, Denmark, Finland, Germany, Ireland, Italy, Kazakhstan, Kuwait, Monaco, New Zealand, Norway, Poland, Republic of Moldova, Singapore, Slovak Republic, Slovenia, Solomon Islands, Sweden, Switzerland and Thailand.

8. Although the cash available for peacekeeping at the end of 2008 had been over $2.7 billion, that amount

had been divided between the separate accounts maintained for each peacekeeping operation and there were restrictions on its use. The General Assembly had specified that no peacekeeping mission should be financed by borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. At the end of 2008, cash in the accounts of active missions had totalled $2.105 billion, with $504 million available for closed missions and $143 million in the Peacekeeping Reserve Fund.

9. The financial position of peacekeeping operations as at 7 May 2009 showed a significant improvement over the situation at the end of 2008. Against new assessments of over $1.4 billion on that date, contributions of over $2.6 billion had been received, reducing the amount outstanding from over $2.8 billion to under $1.8 billion. Some 60 per cent of the amount outstanding for peacekeeping operations as at 7 May 2009 had been owed by two Member States. Peacekeeping assessments due on 7 May 2009 had been fully paid by 20 Member States, namely, Austria, Azerbaijan, Canada, Croatia, Czech Republic, Denmark, Finland, Germany, Ireland, Italy, Monaco, New Zealand, Norway, Republic of Moldova, Singapore, Slovak Republic, Sweden, Switzerland, Tajikistan and Uganda, which deserved special thanks. Payments received since 7 May 2009 had resulted in the addition of Australia to their number and included a contribution of $192.6 million from Japan.

10. It had been estimated on the basis of projected receipts and disbursements and of the proposed retention of cash balances in closed peacekeeping operations that the total balance available in peacekeeping accounts at the end of 2009 would amount to about $2.3 billion, with $1.7 billion in the accounts of active missions, $449 million in the accounts of closed missions and $152 million in the Peacekeeping Reserve Fund.

11. Of the $449 million expected to be available in the accounts of closed missions at the end of 2009, $219 million had been set aside for payment of outstanding liabilities, such as troop and equipment payments, leaving only $230 million freely available for possible cross-borrowing for other accounts, including the regular budget, International Tribunals and active peacekeeping operations. Cross-borrowing from the accounts of closed peacekeeping operations had been required in 2008 for seven active operations, namely the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Mission in Liberia (UNMIL), the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Observer Mission in Georgia (UNOMIG).

12. As at 31 December 2008, the amount owed to Member States for troops/formed-police units and contingent-owned equipment had been $431 million, compared to $689 million at the beginning of the year. An increase in new obligations was projected, mainly in the light of increased troop deployment in the African Union-United Nations Hybrid Operation in Darfur (UNAMID), and the deployment of a military contingent in the United Nations Mission in the Central African Republic and Chad (MINURCAT) and of an additional military contingent and formed police units in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). The increases had been partly offset by the termination of the mandate of the United Nations Mission in Ethiopia and Eritrea (UNMEE), the downsizing of formed police units in UNMIK and a reduction in the authorized military strength of UNMIL.

13. By the end of 2009 it was projected that the debt to Member States would increase to $765 million, taking into account new obligations of $1.9 billion and projected payments of just under $1.6 billion. As at 7 May 2009, the amount owed had been $919 million, of which about one half had been owed to seven Member States. Projected payments for 2009 also depended on the timely finalization of memorandums of understanding: at the end of April 2009, 29 out of 271 memorandums of understanding for peacekeeping operations had yet to be finalized. The actual level of payments would naturally depend on Member States meeting their financial obligations to the United Nations.

14. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had improved in 2009, with their outstanding assessments falling from $34 million at the end of 2007 to $26 million at the end of 2008. Since more than 80 per cent of that amount

was owed by two Member States, a great deal would depend on the future actions of those two Member States. At the end of 2008, 105 Member States had paid their assessed contributions in full for both Tribunals, matching the level at the end of 2007, and she urged the remaining Member States to follow their example. The situation had worsened in 2009, since by 7 May 2009, 18 fewer Member States than by the same date one year previously had paid their assessed contributions to both Tribunals in full. Unpaid assessments as at 7 May 2009 had amounted to $158 million, which was higher than the previous year. Nevertheless, on the basis of current projections, the Tribunals should end 2009 with positive cash balances. Once again, however, the final outcome would depend on Member States continuing to honour their financial obligations to the Tribunals.

15. Recalling that the total budget for the capital master plan of $1.8 billion had been approved by the General Assembly in December 2006, she said that 12 Member States had chosen to make a one-time payment, while 180 Member States had opted for the multi-year payment plan. As at 7 May 2009, 185 Member States had made payments totalling $1 billion, with $139 million still outstanding. A number of Member States that had not opted for one-time payment had nevertheless made advance payments totalling $118 million.

16. The General Assembly had also approved the establishment of a working capital reserve of $45 million, to be funded by advances from Member States and apportioned at the rates of assessment for 2007. As at 7 May 2009, 163 Member States had made payments for the working capital reserve, which had totalled $44.9 million. As at that date, 84 Member States had fully paid their capital master plan assessments, 101 Member States had made partial payments and seven had not yet made any payments, leaving an amount outstanding of $139 million.

17. In conclusion, she paid special tribute to the 16 Member States that had paid in full all assessments due and payable as at 7 May 2009, namely, Austria, Azerbaijan, Canada, Croatia, Czech Republic, Finland, Ireland, Italy, Monaco, New Zealand, Republic of Moldova, Singapore, Slovak Republic, Switzerland, Tajikistan and Uganda. Since that date, payments received had resulted in the addition of Australia to their number. While there had been signs of progress in the financial position of the Organization in 2008, a negative trend had emerged in 2009 in the number of Member States meeting their financial obligations to the Organization in full. As at 7 May 2009, the number of fully paid-up Member States had been below the levels of a year previously across all funds. It was true that there had been a reduction in unpaid peacekeeping assessments as at that date, but a significant level of outstanding assessments remained, with a few countries accounting for the bulk of those amounts. Clearly, the final outcome for 2009 would largely depend on the action taken by those particular Member States. The financial health of the Organization depended, as always, on Member States meeting their financial obligations in full and on time.

18. **The Chairman** said that the statement by the Under-Secretary-General would be issued as an addendum to the report of the Secretary-General on improving the financial situation of the United Nations (A/63/514/Add.1).

The meeting rose at 10.50 a.m.